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10 **UNITED STATES DISTRICT COURT**  
11 **EASTERN DISTRICT OF WASHINGTON**

12 Plymouth Grain Terminals, L.L.C., a  
13 Delaware limited liability company and  
14 Central Washington Corn Processors, Inc.  
15 a Washington corporation, and Paulson  
16 Commodities, Ltd., an Oregon corporation,

17 Plaintiffs,

18 vs.

19 **VERIFIED COMPLAINT**

20 Lansing Grain Company, L.L.C., a  
21 Michigan limited liability company,  
22 Lansing Grain Company, an assumed name,  
23 LGC Grain Company, L.L.C., a Michigan  
24 limited liability company, Lansing Trade  
25 Group, L.L.C., a Delaware  
26 Limited liability company,

27 Defendants.

28  
29  
30 Plymouth Grain Terminals, L.L.C. ("PGT"), Central Washington Corn Processors,  
31 Inc. ("CWCP") and Paulson Commodities, Ltd. ("PC") (hereinafter collectively  
32 "Plaintiffs") complains against Lansing Grain Company, LLC, Lansing Grain Company,  
33 LGC Grain Company, LLC and Lansing Trade Group, LLC as follows:

**INTRODUCTION**

1  
2 1. Plaintiffs bring this action against Lansing Grain Company, LLC and  
3 Lansing Trade Group, LLC (hereinafter collectively "Lansing") for injunctive and other  
4 relief. Plaintiffs also bring this action for damages they have incurred as a result of  
5 Lansing's unlawful actions.  
6

**PARTIES**

7  
8 2. PGT is a Delaware limited liability company with an Oregon principal place  
9 of business.  
10

11 3. PGT is also known as TI 48-130-6798, which is its tax identification  
12 number.  
13

14 4. Central Washington Corn Processors, Inc. is a Washington corporation  
15 with a principal place of business in Washington.  
16

17 5. Paulson Commodities, Ltd. is an Oregon corporation with a principal place  
18 of business in Oregon.  
19

20 6. Lansing Grain Company, L.L.C., was a Michigan limited liability company.  
21 Lansing Grain Company, L.L.C. merged out of existence several years ago.  
22

23 7. Lansing Grain Company is an assumed name, registered to do business  
24 in Michigan.  
25

26 8. LGC Grain Company, L.L.C., is a Michigan limited liability company.  
27

28 9. Lansing Trade Group, L.L.C., is a Delaware limited liability company.

11. This Court has jurisdiction pursuant to 28 U.S.C. §1332 based upon diversity of citizenship, the matter in controversy is between citizens of different states and damages exceed the sum of \$75,000.00 exclusive of interest and costs.

2

FACTS

18. CWCP contacted Lansing Grain Company, L.L.C., and spoke with Chuck Lapke and William Krueger from Lansing in Kansas City.

1 19. CWCP agreed, as part of the PGT and Lansing agreement, to finance and  
2 built a corn grinder at the AgriNW facility. CWCP paid approximately \$1.2 million to  
3 build the corn grinder.

4  
5 20. PC was brokering the corn between buyers (i.e. feedlots, dairies and  
6 ranchers) and the seller (Lansing.)

7 21. PGT and Lansing entered into a Corn Marketing Agreement (hereinafter  
8 "Agreement"), in counterparts, on or about May 19, 2003 and June 20, 2003.

9  
10 22. The Agreement provided that Lansing would be entitled to the first  
11 \$75,000 in net operating profits and the remaining net operating profits would be split  
12 between PGT and Lansing with sixty percent (60%) to Lansing and forty percent (40%)  
13 PGT.

14 23. PGT would provide destination marketing, truck logistics coordination, and  
15 receivable collection services.

16  
17 24. Lansing would provide railroad shuttle transfer services, corn marketing  
18 expertise and management, accounting and credit services, and most importantly,  
19 operating capital.

20 25. Lansing was required to report the net operating profits or losses on a  
21 profit and loss statement specifically relating to this joint venture, which was then to be  
22 provided monthly to PGT.

23  
24 26. Profits and losses for each year were to be distributed by January 30<sup>th</sup> of  
25 the following year.

26  
27 27. On October 30, 2003, the parties amended their original contract  
28 (hereinafter "Amendment").

1       28. Since 2002, PGT has initiated approximately 30 telephone calls each  
2 week from its offices in Portland, Oregon to Lansing's office in Overland Park, Kansas.

3       29. Since 2002, Lansing has initiated approximately 15 to 20 telephone calls  
4 each week from its offices in Overland Park, Kansas to PGT's physical location in  
5 Portland, Oregon.

6       30. For the first few years, Lansing complied with the terms of the Agreement,  
7 as amended, in providing P&L statements. However, PGT notified Lansing that those  
8 statements were suspect and requested further information. Lansing refused to provide  
9 further details.  
10

11       31. For the last four years, Lansing has refused to provide any profit and loss  
12 statements for the partnership. Lansing has refused to provide any documentation,  
13 including but not limited to documents reflecting its contracts, values, transload cost,  
14 interest, grade and freight discounts, shrink, mix and blend, and other expenses relating  
15 to the joint venture.  
16

17       32. About a year after Lansing ceased providing P & L statements, it also  
18 decided that it would cut out PC and buy grain on its own so, upon information and  
19 belief, so PC would not know the purchase price.  
20

21       33. Up until this year, Lansing continued to utilize PC to broker corn sales.  
22

23       34. Commencing in July, 2009 Lansing intentionally and without Plaintiffs  
24 consent, began to contact PC's customers and sold to them directly, effectively cutting  
25 out the Plaintiffs from any profit, undermining the partnership, and telling PC's  
26 customers that they did not have to pay PC any past due receivables if the customers  
27 would buy directly from Lansing.  
28

1           35. In approximately July, 2009 PC stopped brokering corn sales for the  
2 partnership.

3           36. At all times during the course of the partnership, PC owned a list of buyers  
4 as its trade secret and proprietary information. PC would find buyers and then contact  
5 Lansing to purchase enough corn to satisfy buyer's needs. Lansing would buy corn to  
6 hedge the sale. PC charged the partnership .015 per unit for commission. PC would  
7 then write a broker's contract between the buyer and Lansing.  
8

9           37. Lansing executed these trades but refused to provide information to the  
10 partnership on what they paid for the corn and what it was hedged for.  
11

12           38. The corn that was brokered would then be ground at the AgriNW facility by  
13 CWCP.

14           39. CWCP would then charge Lansing directly for the corn it ground.  
15

16           40. Lansing was not to have any employees at CWCP's grinder at the AgriNW  
17 facility. The employees on site were to be only CWCP's employees.

18           41. Lansing then hired one employee the second year of the partnership,  
19 apparently to undermine the partnership, and the employee, upon information and  
20 belief, was to buy and sell corn without utilizing Plaintiffs. The employee was physically  
21 located at CWCP's grinder facility on the AGriNW site. Plaintiffs objected and the  
22 employee was apparently terminated.  
23

24           42. In 2009, Lansing, upon information and belief, hired a person to grind  
25 corn solely for Lansing's benefit. Lansing had placed a portable grinder within very  
26 close proximity to PGT's grinder at the AgriNW facility.  
27  
28

44. Lansing purposefully and with intent, has undercut PC's prices, and taken away PC's business, effectively misappropriating all profits owed to PGT under the parties Agreement, and owed to the partnership.

COUNT 1: BREACH OF CONTRACT

46. PGT and Lansing entered into a contract, and later amended their agreement.

48. PGT has been damaged by Lansing's breach in an amount to be determined at trial.

Plaintiffs restate and reallege Paragraphs 1 through 48 above as though fully set forth herein and states and alleges as follows:

52. PGT has a right, among other things, to a true and full disclosure regarding the state of the business affairs relating to their joint venture.

53. The Plaintiffs placed their trust and confidence in Lansing.

54. Lansing breached its fiduciary duty to the partnership.

COUNT III: BREACH OF COVENANT OF  
GOOD FAITH AND FAIR DEALING

Plaintiffs restate and reallege Paragraphs 1 through 54 above as though fully set forth herein and states and alleges as follows:

55. Lansing has a duty to act in good faith and fair dealing in performing its obligations under the Agreement and the parties' partnership.

56. Lansing failed to act in good faith and fair dealing by not disclosing expenses and profits to PGT.

57. Lansing failed to act in good faith and fair dealing by not providing monthly profit and loss statements to PGT.

58. Lansing failed to act in good faith and fair dealing by not providing year-end profit and loss statements to PGT.

59. Lansing failed to act in good faith and fair dealing when it included other items in the profit and loss statements it did provide which were not related to the partnership with PGT.

60. The Plaintiffs have been damaged by Lansing's failure to act in good faith and fair dealing in an amount to be determined at trial.

COUNT IV – PARTNERSHIP ACCOUNTING AND RECONCILIATION OF ACCOUNTS

Plaintiffs restate and reallege Paragraphs 1 through 60 above as though fully set forth herein and states and alleges as follows:



1           61.    Lansing has failed to provide an accounting partnership and a  
2 reconciliation of accounts to PGT.

3           62.    PGT demands from Lansing an accounting, and reconciliation, as well as  
4 all monthly, and yearly profit and loss statements, and any other account statements  
5 directly or indirectly related to the partnership, and any underlying documentation,  
6 including but not limited to profits, losses, expenses, operating capital, management,  
7 and other accounting items relating to the parties' partnership for the last six years.  
8

9  
10                           COUNT V – UNJUST ENRICHMENT

11           Plaintiffs restate and reallege Paragraphs 1 through 62 above as though fully  
12 set forth herein and states and alleges as follows:

13           63.    Plaintiffs have provided a benefit to Lansing.

14           64.    Upon information and belief, Lansing has retained all of the  
15 aforementioned profits.  
16

17           65.    Upon information and belief, Lansing has falsified profit and loss  
18 statements to include expenses not associated with the partnership.

19           66.    Lansing has been unjustly enriched to the detriment of Plaintiffs.

20           67.    Plaintiffs have been damaged in an amount to be determined at trial.  
21

22                           COUNT VI – INTERFERENCE WITH PROSPECTIVE ADVANTAGE

23           Plaintiffs restate and reallege Paragraphs 1 through 67 above as though fully  
24 set forth herein and states and alleges as follows:

25           68.    Lansing intentionally and improperly interfered with Plaintiffs' prospective  
26 contractual relation.  
27  
28

69. Lansing induced or caused buyers not to enter into or continue their relationship with Plaintiffs.

70. Lansing has prevented the Plaintiffs from continuing their prospective relations.

71. Plaintiffs have been harmed by Lansing's interference in an amount to be determined at trial.

COUNT VII – MISAPPROPRIATION OF A TRADE SECRET

Plaintiffs restate and reallege Paragraphs 1 through 71 above as though fully set forth herein and states and alleges as follows:

72. PC had trade secret information in the form of customer lists and contacts.

73. Lansing acquired knowledge of PC's trade secret customer information because PC brokered the trades for PGT and Lansing.

74. Lansing used PC's trade secret information without PC's express or implied consent.

75. Lansing knew that the information was a trade secret belonging to PC and acquired the information as a result of the partnership.

76. Lansing had a duty to maintain its secrecy and not utilize it for its own purposes.


77. Upon information and belief, Lansing has monetarily benefited from using PC's trade secret information to the detriment of PC.

78. PC seeks damages as a result of Lansing's misappropriation in an amount to be determined at trial.

WHEREFORE, Plaintiffs request the following relief:

- A. Damages for Lansing's breach of contract in an amount to be determined at trial.
- B. Damages for Lansing's breach of fiduciary duty in an amount to be determined at trial.
- C. Damages for Lansing's breach of good faith and fair dealing in an amount to be determined at trial.
- D. Demand for an accounting and reconciliation from Lansing, including underlying documentation.
- E. Damages for unjust enrichment in an amount to be determined at trial.
- F. Damages for Lansing's interference with prospective advantage.
- G. Damages for Lansing's misappropriation of a trade secret.
- H. Injunctive relief against Lansing.
- I. Reasonable fees and costs as authorized by law.
- J. For such other relief as the Court deems just.

Dated: 1-28-10

  
\_\_\_\_\_  
Steven D. Paulson  
TITLE: Managing Member  
Plymouth Grain Terminals, LLC  
TITLE: President  
Central Washington Corn Processors, Inc.  
TITLE: President  
Paulson Commodities, LLC

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